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## India

## Tree Nuts Annual

## 2015

**Approved By:**

Jonn Slette

**Prepared By:**

Shubhi Mishra

**Report Highlights:**

Post expects that Indian almond imports (shelled basis) in marketing year (MY) 2015/16 will reach 61,500 MT, a nine-percent decrease from the MY 2014/15. This decrease is primarily due to the weaker Indian rupee and higher global and domestic market prices. Domestic walnut production in MY 2015/16 is forecast at 38,000 MT (in-shell basis), an eight-percent increase over the current year. Despite the production increase, high demand will continue to outstrip production and imports will continue to grow.

**Commodities:**

Almonds, Shelled Basis

**Production:**

Domestic almond production in MY 2015/16 (August/July) is forecast at 1,400 MT (kernel-weight basis), a 17-percent increase over the last year's production. Indian almonds are primarily grown in the hill states of Kashmir and Himachal Pradesh. Annual yields per tree are typically low and range between 1,000-1,500 nuts. Shelling rates generally vary between 20 and 30 percent for hard-shell varieties, and about 40 percent for thin-shelled varieties.

**Consumption:**

Demand growth for almonds is mostly driven by India's expanding middle class, and increased consumer awareness of products perceived as 'healthful'. Indian almond consumption in MY 2014/15 is forecast at 66,000 MT, an increase of 3,000 MT over the previous year. This increase is particularly noteworthy given the 21 percent price increase from MY 2013/14-2014/15. Almond consumption in MY 2015/16 is expected to reach 72,000 MT despite continued higher international and local prices, and a weakening Indian rupee. Nonetheless, higher prices and the exchange rate will ultimately affect almond stocks in MY 2015/16, which are forecast to drop three percent below current year supplies.

Generally Indian demand for nuts typically peaks during the festive season, which runs from September to January. Besides the traditional non-pareil, Indian consumers tend to buy almonds from different origins, indicating openness to trying new varieties. Although almonds are traditionally consumed in India, there is a growing perception among Indian consumers about the nutritional and health benefits associated with almonds. As a result, food processors are using more almonds in a broader variety of product categories, to include snack foods, health foods, and confectionary products. Indian consumers tend to think of almonds as a high-energy food, which are well-suited for children, physically active people and recovering patients. There is also a growing demand for lower quality almond kernels which are used by the cosmetic and health care product producers for oil extraction.

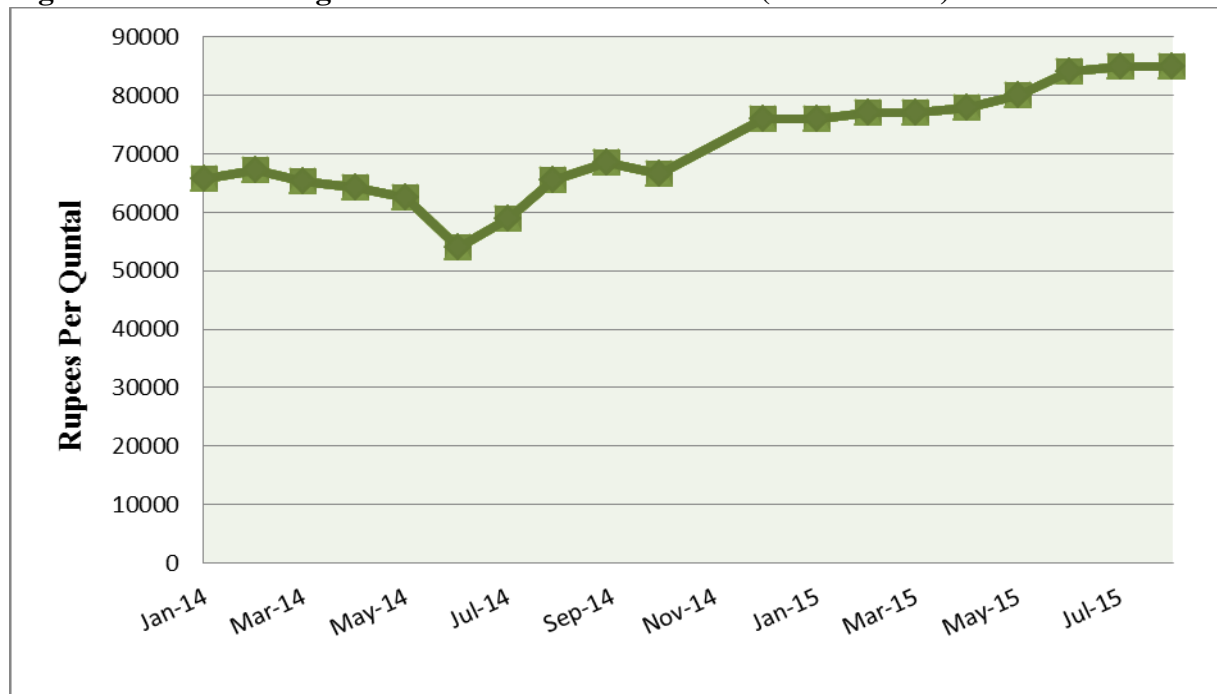
A government campaign to reduce public spending for gifts during Diwali and the Indian festive season will reduce institutional gifting by government officials and state-owned enterprises. To a limited degree, this will negatively affect the market for almonds, which are often given as a traditional seasonal gift. However, increasing consumption among the general public will likely offset reductions by government officials. The higher prices of certain imported nuts will likely affect the buying decisions of some price-sensitive consumers who may shift from almonds to other nut products.

Historically, Indian consumers have long preferred Californian non-pareil almonds due to price sensitivity, size, uniform 'eye' shape and sweetness. Australian non-pareil and Carmel varieties also account for a growing segment of the Indian market. Iranian varieties like *Mamra* and *Qumi* are popular in the western and northwestern regions of India (e.g. Rajasthan and Gujarat), and often command a higher price premium. (Table 3 and 4)

**Prices:**

Average almond prices in India corresponded with international price hikes in MY 2014/15 and increased by 21 percent (Table 3). Domestic prices are expected to remain strong because of anticipated high demand during the festive season and a weaker Indian rupee.

**Figure 1. India: Average Wholesale Prices of Almonds (shelled basis) in Delhi Wholesale Market**



Source: Industry and Trade Sources

### Trade:

Almond imports in MY 2015/16 are forecast to reach 61,500 MT, a nine-percent decrease from 67,824 MT imported during MY 2014/15. This decrease is primarily due to higher market global prices and a weaker Indian rupee. Likewise, MY 2014/15 almond imports declined by five percent from the 71,881 MT imported during MY 2013/14. During the same period, absolute market share of U.S. almonds increased by 10 percent and accounted for 76 percent of India's total volume of trade, while Australia's market share decreased by eight percent to achieve 18 percent of total market share (Table 5). Except for very small quantities from Pakistan, trade data do not reflect any current imports from non-traditional suppliers. Almond imports from the United States and Australia are mostly in-shell, non-pareil or Carmel varieties and are shelled locally. Almonds from other origins are typically already shelled. Most almonds in India are sold by weight in loose form, and only about five percent of retail sales are packaged.

### Trade Policy and Marketing Opportunities:

While India does not maintain quantitative restrictions for almond imports, U.S. almonds face tariffs of INR 35/kg (in-shell basis) and INR 66.95/kg (shelled basis) (Table 7). In 2006, India's Directorate of

Plant Protection, Quarantine and Storage amended Order 2003, required that phytosanitary certificates reflect phosphine fumigation in the country of origin prior to shipment.

Market development opportunities remain, particularly among school children and young adults.

Additional marketing opportunities exist among medium and large bakery, pastry, food processing, and institutional end users. Regions of southern and eastern India may also present additional marketing opportunities.

## Production, Supply and Demand Data Statistics:

**Table 1. India: Commodity, Almond, PSD Table**

<i>Almonds, Shelled Basis</i>	2013/2014		2014/2015		2015/2016	
<i>Market Begin Year</i>	Aug 2013		Aug 2014		Aug 2015	
<i>India</i>	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	19,000	0	19,000	0	19,000
Area Harvested	0	17,000	0	17,000	0	17,000
Bearing Trees	0	1,160	0	1,160	0	1,160
Non-Bearing Trees	0	200	0	200	0	200
Total Trees	0	1,360	0	1,360	0	1,360
Beginning Stocks	0	23,791	0	26,772	0	29,836
Production	1,100	1,100	1,200	1,200	0	1,400
Imports	55,300	71,881	50,000	67,864	0	61,500
Total Supply	56,400	96,772	51,200	95,836	0	92,736
Exports	0	0	0	0	0	0
Domestic Consumption	56,400	70,000	51,200	66,000	0	72,000
Ending Stocks	0	26,772	0	29,836	0	20,736
Total Distribution	56,400	96,772	51,200	95,836	0	92,736

## Commodities:

Walnuts, Inshell Basis

## Production:

Indian walnut (*Juglans spp.*) production is expected to increase by eight percent from the previous year to reach 38,000 MT (in-shell basis) in MY 2015/16. The weather conditions were reported to be favorable during the flowering period of March – April in the Kashmir valley. However, rains in June will likely affect the quality of the crop. Typically, India's walnut harvest runs from the end of August through September, with market arrivals peaking during late October. Indian walnut production is cyclical in nature and yields can vary from five to 20 percent, depending on weather conditions at the

time of blossom and harvest. Post production estimates for MY 2014/15 are revised to 35,000 MT to reflect the latest production estimates from trade contacts.

Indian walnut production is primarily confined to the states of Jammu and Kashmir, Himachal Pradesh, and Uttarakhand. Lack of infrastructural facilities in the producing states, long gestation periods, poor orchard management, and uneven yields (estimated at 18-50 kg/tree/year with nut sizes varying from 24-32 mm) keep walnut production relatively stagnant. Indian walnuts are classified as hard, medium, or thin shell (*kaghazi*) and the average shelling rate is 40 percent.

### **Consumption:**

Indian walnut consumption in MY 2015/16 is expected to grow around 13 percent to 34,000 MT due to uninterrupted supplies and strong domestic demand. Indian market is seeing an increase in domestic demand and an estimated 60 to 65 percent of Indian walnut supplies are consumed domestically, of which nearly half are consumed during the festive and winter season. Industry sources estimate that upwards of 10 percent of domestic consumption is by the food processing industry. An additional three to four percent of walnuts (typically nuts that are already rancid) are used by cosmetic industry, which extract the oil for use in their various products.

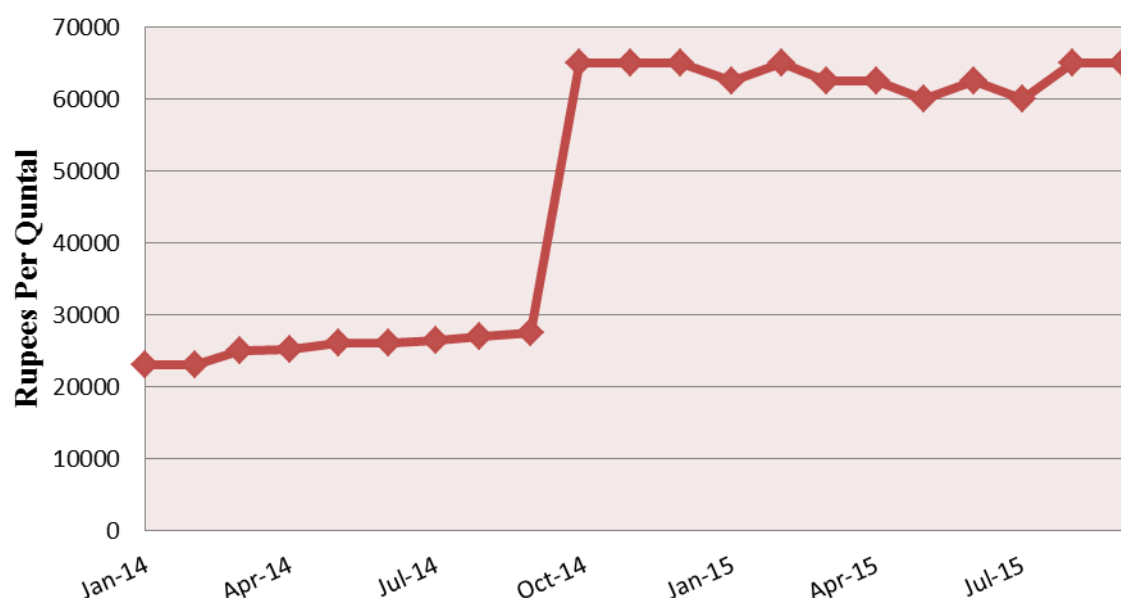
Consumption estimates for MY 2014/15 are revised from 28,000 to 30,000 MT due to a growing awareness of the health benefits and increased demand from the middle class population.

A growing awareness of the health benefits associate with eating walnuts (e.g. reducing cholesterol, beneficial for diabetic patients etc.) has encouraged higher consumption, particularly in form of snacking. The wider usage of attractive consumer packaging (vacuum packs) is improving the shelf life and quality of walnuts, and has also encouraged year-round consumption as ready-to-eat snacks are more broadly available. Major processing facilities for shelling and packing walnuts are located in State of Jammu and Kashmir.

### **Prices:**

Entry of imported walnuts has lifted walnut prices by more than 145 percent over last year and riding on the same domestic producers were able to fetch higher returns for the produce. However, average walnut prices remained relatively stable throughout MY 2014/15 (Table 6).

**Figure 2. India: Average Wholesale Prices of Walnuts (In shell) in Delhi Wholesale Market**



Source: Industry and Trade Sources

### Trade:

Exports dropped dramatically in MY 2014/15 from 14,884 MT to 5,136 MT, as the domestic traders and producers were able to fetch higher prices in-country (Table 6.2). However, given stable market conditions, exports are expected to bounce back to 14,000 MT in MY 2015/16 to the neighboring countries. Additionally, increased domestic demand should continue to encourage imports to 8,500 MT in MY 2015/16.

The United Kingdom bought roughly 20 percent of the India's total exports volume. More than 95 percent of Indian walnuts are exported as kernels (35-40 percent light halves, 35-40 percent amber halves/light broken, and the balance as amber halves) in vacuum packs. Market sources report that the walnuts from the United States, Mexico, Chile, Turkey, China, and Ukraine compete with India on the international market (particularly shelled).

### Trade Policy:

The Government of India allows import of walnuts from the United States, provided that U.S. shippers provide additional declarations and meet special fumigation conditions (GAIN [IN3082](#)). Walnuts are imported without quantitative restrictions under India's Open General License (OGL) program. Imports are subject to an effective import duty of 30.9 percent (Table 7) except for imports originating from Afghanistan and the South Asian Association for Regional Cooperation (SAARC) countries.

### Production, Supply and Demand Data Statistics:

**Table 2. India: Commodity, Walnut, PSD Table**

<i><b>Walnuts, Inshell Basis</b></i>	2013/2014		2014/2015		2015/2016	
<i><b>Market Begin Year</b></i>	Sep 2013		Sep 2014		Sep 2015	
<i><b>India</b></i>	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	36,600	0	36,600	0	36,600
Area Harvested	0	31,000	0	31,000	0	3,100
Bearing Trees	0	1,400	0	1,400	0	1,400
Non-Bearing Trees	0	200	0	205	0	205
Total Trees	0	1,600	0	1,605	0	1,605
Beginning Stocks	5,286	5,286	6,450	8,055	0	16,280
Production	43,000	43,000	39,000	35,000	0	38,000
Imports	600	653	5,000	8,388	0	8,500
Total Supply	48,886	48,939	50,450	51,443	0	62,780
Exports	14,400	14,884	7,000	5,163	0	14,000
Domestic Consumption	28,036	26,000	36,950	30,000	0	34,000
Ending Stocks	6,450	8,055	6,500	16,280	0	14,780
Total Distribution	48,886	48,939	50,450	51,443	0	62,780

**Author Defined:**

## OTHER STATISTICAL TABLES

**Table 3: India: Commodity, Almond, Prices Table**

Prices Table			
Country	India		
Commodity	Almonds, Shelled Basis		
Prices in	Rupees	Per Uom	100 Kg
Year	2014	2015	% Change
Jan	65700	76000	14
Feb	67200	77000	13
Mar	65300	77000	15
Apr	64200	78000	18
May	62600	80000	22
Jun	54000	84000	36
Jul	59000	85000	31
Aug	65500	85000	23
Sep	68500		-100
Oct	65000		-100
Nov	66600		-100
Dec	76000		-100
Exchange Rate	Rs 66.39	Local Currency/US \$	
Date of Quote	9/14/2015	MM/DD/YYYY	

Source: Trade and Industry Sources

**Table 4: Wholesale Almond Kernel Prices (Rs/Kg), Delhi Market**

Type (Origin)	MY 2014/15	MY 2013/14	MY 2012/13	MY 2011/12
California almonds	650-850	600-650	470-630	370-430
Mamra Almonds (Iran)	1200-1850	1200-1800	1200-1800	800-1200
Qumi Almonds (Iran)	850-1100	800-1000	-	450-600
Gulbandi Almonds (Afghan)	450-600	450-500	NA	300-400

Source: Trade and Industry Sources

**Table 5:**



### 5.1 India: Commodity, Almond, Import Trade Matrix 2014/15

India Import Statistics- 2014/15				
Commodity: Almonds In Shell Fresh Or Dried				
Partner Country	Unit	In Shell	Shelled	Total Kernel
World	T			
United States	T	68045	3946	51577.5
Australia	T	16598	480	12098.6
Iran	T	5	1500	1502
Afghanistan	T	1122	1695	1975.5
Syria	T		659	659
United Arab Emirates	T	2	0	0.8
Pakistan	T	49	16	50.3
TOTAL				67863.7

Source: Estimates for 2014/15 are derived from trade sources, Global Trade Atlas and California Almond Board Statistics.

### 5.2 India: Commodity, Almond, Import Trade Matrix 2013/14

India Import Statistics – 2013/14				
Commodity: Almonds In Shell Fresh Or Dried				
Partner Country	Unit	In Shell	Shelled	Total Kernel
World	T			
United States	T	65970	1919	48098
Australia	T	23357	2301	18650.9
Iran	T	5	1149	1151
Afghanistan	T	2121	2301	2831.25
Syria	T		1042	1042
United Arab Emirates	T	20	0	8
Turkey	T		91	91
Spain	T	0	7	7
Germany	T	0	2	2
TOTAL				71881.15

Source: Estimates for 2014/15 are derived from trade sources, Global Trade Atlas and California Almond Board Statistics.

**Table 6:****6.2: India: Commodity, Domestic Produce Walnut, Price Table**

Prices Table			
Country	India		
Commodity	Walnuts, In shell Basis		
Prices in	Rupees	per uom	100 Kg
Year	2014	2015	% Change
Jan	23000	50000	117
Feb	23000	47500	107
Mar	25000	47500	90
Apr	25200	47500	88
May	26000	45000	73
Jun	26000	47500	83
Jul	26500	47500	79
Aug	27000	50000	85
Sep	27500	50000	82
Oct	50000		
Nov	50000		
Dec	50000		
Exchange Rate	Rs 66.39	Local Currency/US \$	
Date of Quote	9/14/2015	MM/DD/YYYY	

**Table 7. India: Almond and Walnut Tariffs**

Commodity Code	Description	Import Policy	Basic Duty/2	Education Cess	Total Applicable Duty /5
HC 0802.11	Almonds In shell	OGL /1	Rs 35/kg	Exempted /3	Rs 35/kg
HC 0802.12	Almond Kernel	OGL /1	Rs 65/kg	2+1%	Rs. 66.95/kg
HC 0802.31	Walnut In shell	OGL /1	30/20% /4	2+1%	30.9/20.6% /4
HC 0802.32	Walnut Shelled	OGL /1	30/20% /4	2+1%	30.9/20.6% /4

Notes on Tariff:

/1: OGL (Open General License) – no quantitative restrictions.

/2: Under the Indo Afghan Preferential Trade Agreement, a tariff concession of 50 percent is applied on the basic import duty for these goods if imported from Afghanistan.

/3: Almonds in-shell are exempted from the education cess.

/4: Preferential duty for SAARC countries (Pakistan, Bangladesh, Sri Lanka, Nepal, Maldives and Bhutan).

/5: Method for computing Total applicable duty:

A: CIF Value of Good

B: Basic Duty = Basic Duty Rate \* A

C: Education Cess (EC) = EC Rate \* B

Total Applicable Duty = B+C